GOVERNMENT OF INDIA
RAILWAYS
LOK SABHA

UNSTARRED QUESTION NO:1840
ANSWERED ON:14.03.2002
Recommendations of Dr. Rakesh Mohan Committee
A. VENKATESH NAIK;A.F. GOLAM OSMANI;NARESH KUMAR PUGLIA;PAWAN KUMAR BANSAL;PUSHPDAN SHAMBHUDAN GADHAVI;VINAY KUMAR SORAKE

Will the Minister of RAILWAYS be pleased to state:

(a) whether the Rakesh Mohan Committee has recommended some restructuring and partial privatisation of the Railways;

(b) if so, the salient features of the report in this regard; and

(c) the response of the Government thereto?

Answer

MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS AND MINISTER OF STATE IN THE MINIST RAILWAYS (SHRI O.RAJAGOPAL)

(a) to (c): A Statement is attached.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (c) OF UNSTARRED QUESTION NO. 1840 BY SHRI PAWAN KUMA BANSAL, SHRI NARESH PUGLIA, SHRI P. S. GADHAVI, SHRI A. F. GOLAM OSMANI, SHRI VENKATESH NAIK AND SHRI VINAY KUMAR SORAKE TO BE ANSWERED IN LOK SABHA ON 14.03.2002 REGARDING RECOMMENDATIONS OF RAKESH MOHAN COMMITTEE

(a) to (c): The major recommendations of the Railway Expert Group headed by Dr. Rakesh Mohan are as under:

1. Institutional separation of roles into policy, regulatory and management functions. This will mean:

i. Policy makers are limited for setting policy (and paying for what they ask for). The Government of India will be in charge of setting policy direction.

ii. Provide operational autonomy and insulate Indian Railways by corporatising it into " Indian Railways Corporation" (IRC). It would be governed by a reconstituted Indian Railways Executive Board.

iii. Set up an Indian Rail Regulatory Authority to regulate IRC's activities as a monopoly supplier of rail services particularly related to tariff setting.

2. Ex ante acceptance and commitment by the Government and Indian Railways that Indian Railways will operate on commercial lines are the necessary conditions for the reorganisation to be successful exercise. Non-commercial activities mandated by the government will be clearly demonstrated and Indian Railways appropriately compensated for such activities.

3. In view of financial crisis, Indian Railways to pursue the strategic High Growth pattern for financial recovery.

4. Exemption from taxation - excise, sales tax etc. for the period of transition, say 5 – 7 years.

5. Set up a Social Safety net to take care of surplus labour.

6 Restructuring of financial accounts of Indian Railways in accordance with the Company's Act, 1956.

7. Spinning off non-core activities

8. Rebalancing of tariffs to eliminate cross subsidisation.

A Committee of senior officers of Railway Board has been constituted to study various recommendations made in the Report. The Committee is expected to submit its Report soon. Further action will be initiated on receipt of the report of this Committee.